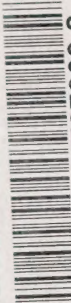


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# Scandinavia

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Scandinavia is located in Northern Europe and is comprised of Denmark, Finland, Norway and Sweden.

## Denmark

Denmark (Greenland and the Faroe Islands not included) covers an area of 43,000 km<sup>2</sup> of which the Jutland peninsula accounts for 29,776 km<sup>2</sup>. There are 406 islands of varying sizes, of which Zealand is the biggest with an area of 7,488 km<sup>2</sup>, while Funen covers 3,486 km<sup>2</sup>.

The country is small and, although the main islands of Zealand and Funen are separated from the Jutland peninsula by water, communications and transport are highly developed.

## Finland

Finland borders the Baltic Sea, the Gulf of Bothnia, and the Gulf of Finland, between Sweden and Russia. The total area is 337,030 km<sup>2</sup>, with the land area totalling 305,470 km<sup>2</sup>. Finland's land boundaries total 2,628 km: Norway 729 km, Sweden 586 km, and Russia 1,313 km. The coastline is 1,126 km (excluding islands and coastal indentations).

Finland's climate is cold temperate, potentially subarctic, but comparatively mild because of the moderating influence of the North Atlantic Current, Baltic Sea, and more than 60,000 lakes. The terrain is mostly low, flat to rolling plains interspersed with lakes and low hills.

## Norway

Norway borders the North Sea and the North Atlantic Ocean, west of Sweden. The total area of Norway is 324,220 km<sup>2</sup>. The land area is 307,860 km<sup>2</sup>. Land boundaries total 2,515 km, shared with Finland 729 km, Sweden 1,619 km, and Russia 167 km. The coastline is 21,925 km; including mainland 3,419 km, large islands 2,413 km, long fjords, numerous small islands, and minor indentations 16,093 km.

The climate of Norway is temperate along the coast, modified by the North Atlantic Current; colder in the interior; and rainy year-round on the west coast. The terrain is glaciated, mostly high plateaus and rugged mountains broken by fertile valleys, small, scattered plains, coastline deeply indented by fjords, and Arctic tundra in the north.

## Sweden

Sweden borders the Baltic Sea, the Gulf of Bothnia, and Skagerrak, between Finland and Norway. The total area of Sweden is 449,964 km<sup>2</sup>. The land area is 410,928 km<sup>2</sup>. Sweden's land boundaries total 2,205 km; shared with Finland (586 km), and Norway (1,619 km).

The climate is temperate in the south with cold, cloudy winters and cool, partly cloudy summers. Weather conditions are subarctic in the north.

The terrain is mostly flat or gently rolling lowlands, and mountains in the west.







# DEMOGRAPHICS

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## Denmark

The population of Denmark was 5.21 million inhabitants, as of July 1995. About 17 percent of the population was under 14 years old, while 68 percent was between 15 and 64 years, and 15 percent was 65 years and over. The population growth rate was estimated at 0.22 percent in 1995. The birth rate was 1.2 births per 100 population, while the death rate was 1.1 deaths per 100 population. The migration rate in 1995 was 0.96 migrant per 1,000 population. The population is comprised of Scandinavian, Eskimo, Faroese and German ethnic groups. Languages spoken include Danish, Faroese, Greenlandic (an Eskimo dialect), and German (small minority).

## Finland

The population of Finland reached 5.1 million in 1995. Immigration will sustain the relatively slow growth rate expected in Finland. Internal migration should remain the same toward increased concentrations in urban centres. Most importantly, the average size of households will decrease, thus contributing to an increase in their number. The corresponding need for additional housing production is expected to be higher than in other Nordic countries.

## Norway

The population of Norway reached 4.35 million in 1995. Nineteen percent of the population was under 14 years old in 1995, 65 percent was between 15 to 64 years old, and 16 percent was 65 years old and over. The population growth rate was 0.37 percent in 1995. The birth rate was

1.29 births per 100 population. The death rate was 1.04 deaths per 100 population. The net migration rate was 1.15 migrants per 1,000 population. The nationality is Norwegian. Ethnic divisions include Germanic (Nordic, Alpine, Baltic), and Lapps (Sami) 20,000.

Religions in Norway include Evangelical Lutheran, 87.8 percent (state church), other Protestant and Roman Catholic, 3.8 percent, with the 3.2 percent indicating no religious affiliation, and 5.2 percent unknown. Norwegian is the official language with small Lapp- and Finnish-speaking minorities.

## Sweden

Sweden's population reached 8.86 million in 1995. Nineteen percent of the population was under the age of 14 years, 64 percent was between the ages of 15 to 64 years, and 17 percent was 65 years and over. The population growth rate reached 0.46 percent in 1995. The birth rate was 1.319 births per 100 population, while the death rate was 1.084 deaths per 100 population. The net migration rate is 2.27 migrants per 1,000 population. The nationality of Sweden is Swede. Ethnic divisions include white, Lapp (Sami), and foreign born or first-generation immigrants (Finns, Yugoslavs, Danes, Norwegians, Greeks, Turks).

The religions are Evangelical Lutheran, (94 percent), Roman Catholic (1.5 percent), Pentecostal (1 percent), and other (3.5 percent). The languages include Swedish, small percentage of Lapp- and Finnish-speaking minorities, and immigrants that speak their native languages.



# ECONOMIC OVERVIEW

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The Scandinavian countries, with a combined GDP of \$736 billion in 1995, have greater commercial potential for Canada than their combined population of 23 million would suggest. The recession of the 1990s caused a temporary decline in trade with Canada. The Scandinavian economies, except Norway, have bounced back and trade with Canada has increased significantly. The economies of the Scandinavian countries are expected to continue to grow in 1997-98.

Finland and Sweden became full EU members as of January 1, 1995.

Even though Denmark did not participate in the third phase of the EU's Economic and Monetary Union (EMU), it adheres to the economic policies of the EU, including meeting the convergence criteria for such participation.

Norwegians rejected EU membership in part because of Norway's strong economic position, especially the country's big oil and gas reserves. Norway remains a member of the EU-EFTA free trade area, or European Economic Area (EEA). Thus, Norway's economic policy continues to be shaped by EU directives adopted by the EEA. Under the provisions of the EEA accord, Norway is obliged to offer national treatment to EEA members in many areas, including finance and public procurement, but not in agricultural trade.

## Denmark

In 1996, the Danish government tightened fiscal policy in order to reduce public budget deficits and avoid labour market bottlenecks. Therefore, a slow-down in economic activity was expected in 1996. GDP growth in 1995 was projected by the government at 3.6 percent. It dropped to 2.4 percent in 1996, mostly as a result of continued nominal growth in public consumption and investment, offset in part by strong growth in private investment. Private consumption growth was expected to drop to 3.1 percent in 1996, and export growth to about 5 percent.

Denmark enjoyed a record-low inflation (measured on consumer prices) of 1.3 percent in 1993. Due to the introduction of new

environmental taxes in 1994, designed to partially offset lost income tax revenues, inflation rose to 2 percent. Inflation was expected to increase to 3 percent in 1996.

New labour contracts entered into in early 1995 continued to ensure wage earners real income gains, after taxes, of between 1 and 2 percent each year. Hourly wage increases in 1996 were projected at 5 percent.

Denmark is a classic example of a welfare state. Its standard of living, per capita GDP, and rate of personal taxation are among the highest in the world. A good market and investment site for Canadian companies, its location, excellent and improving infrastructure and the skills of its labour force make it an attractive location for regional offices serving Scandinavia and the Baltic nations.

Worker productivity is high, inflation low. Corporate taxation remains one of the lowest in the EU. Danish wages are high but employer contributions to social welfare are very low which results in lower total labour costs than most northern EU members. Property, including intellectual property, is well protected.

The Danish tax burden stands among the highest in the world—some 50 percent of GDP—but is insufficient to balance public budgets. However, the present economic upswing has helped reduce public budget deficits and the government expects the public sector budget to be balanced in 1997.

## Finland

The Finnish economy has experienced a rapid transformation since the 1950s, first with a shift from agriculture to manufacturing, and then from an almost total dependence on forest-based industries to metal, engineering and telecommunications.

Finland's economy depends on foreign trade—export earnings now account for around 25 percent of GDP—and trade has been a major force behind growth. In 1950, the forest industry accounted for almost 80 percent of Finnish exports and metal and engineering industry for only 5 percent. By 1994, their shares were 34 percent

and 45 percent, respectively. As in other developed economies, the service industry predominates, accounting for 70 percent of Finland's GDP, and 60 percent of employment. Industry accounts for 24 percent and 31 percent, respectively, while the share of agriculture and forestry combined is only 6 percent and 9 percent.

The Finnish economy shows strong growth. Finnish GDP, which grew by 4 percent in 1994 and 4.5 percent in 1995, was expected to grow by 5 percent in 1996. These growth rates are among the highest in the European Union. The Finnish GDP is expected to continue to grow faster than the EU average until the year 2000 at a rate averaging 3.5 to 4 percent. The international competitiveness of Finnish industry products and a recovery from comparatively low economic levels are key driving factors.

High unemployment and a large government budget deficit remain the main problems for the Finnish economy. Unemployment is declining but still hovers at about 17 percent and is expected to remain high for some time. The new five-party coalition government presented a deficit and unemployment reduction program, which, for the time being, satisfied the markets.

Finland has an open market economy. About one-third of the GNP comes from foreign trade. Its EU membership means that the Finnish market will be further open to trade.

## Norway

Norway has a mixed economy involving a combination of free market activity and government intervention. The government controls key areas, such as the vital petroleum sector (through large-scale state enterprises) and extensively subsidizes agriculture, fishing and areas with sparse resources. Norway also maintains an extensive welfare system that helps propel public sector expenditures to slightly more than 50 percent of the GDP and results in one of the highest average tax burdens in the world (54 percent).

A small country with a high dependence on international trade, Norway is basically an exporter of raw materials and semi-processed goods, with an abundance of small- and

medium-sized firms, and is ranked among the major shipping nations. Norway is richly endowed with natural resources—petroleum, hydropower, fish, forests, and minerals—and is highly dependent on its oil sector to keep its economy afloat.

Norway imports more than half its food needs. Although one of the government's main priorities is to reduce this dependency, this situation is not likely to improve for years to come. The government also hopes to reduce unemployment and strengthen and diversify the economy through tax reform and a series of expansionary budgets. The budget deficit is expected to hit a record 8 percent of GDP because of welfare spending and bail-outs of the banking system. Unemployment is currently running at 8.4 percent (the lowest rate in Europe)—including those in job programs—because of the weakness of the economy outside the oil sector.

Inflation is below 2 percent. Economic growth in recent years has ranged between 3 percent and 5 percent. Oil exports are running at 3 million barrels a day, second only to Saudi Arabia, and petrodollars fed a budget surplus in 1996 of \$6 billion more than the government's \$61 billion expenditure. Prospects for the Norwegian economy remain relatively bright.

The Norwegian economy was poised for a soft landing in the 1995-96 period. According to official government projections, there was little danger of either a surge in inflation or a recession, and mainland growth will instead glide down to a rate consistent with the economy's underlying growth of industrial capacity. With 1996 inflation expected to increase, Norwegian interest rates were expected to go up moderately. The unemployment rate will fall further in future, while higher crude-oil prices and continuing OECD growth will contribute to rising foreign-trade surpluses.

Norway's mainland economy (excluding oil, gas and shipping) will become stronger. Although offshore oil and gas production will expand strongly, offshore investment will ease further. With exports growing relatively strongly, Norway's balance of payments will remain in surplus. The country's net foreign debt was expected to disappear late in 1996.



## Sweden

Aided by a long period of peace and neutrality during World War I through World War II, Sweden has achieved an enviable standard of living under a mixed system of high-tech capitalism and extensive welfare benefits. It built a modern distribution system, excellent internal and external communications, and a skilled labour force. Timber, hydropower, and iron ore constitute the resource base of an economy that is heavily oriented toward foreign trade. Privately owned firms account for about 90 percent of industrial output, of which the engineering sector accounts for 50 percent of output and exports. In 1990, agriculture accounted for only 1.2 percent of GDP and 1.9 percent of the jobs, as Sweden is about 50 percent sufficient in most products. In the last few years, however, this extraordinarily favourable picture has been clouded by inflation, growing unemployment, and a gradual loss of competitiveness in international markets.

Sweden recently pulled out of the deepest and most protracted recessionary period experienced since the depression years of the early 1930s. The visible cost of this recession is unemployment at an unprecedentedly high level. Together with the cost of shoring up the banking system, the costs of unemployment have swelled public sector borrowing to alarming levels. The reduction of

government deficits and servicing of still-growing debts necessitate a very tight hold on the nation's purse-strings and will continue to do so in the foreseeable future.

The more than 20-percent trade-weighted depreciation of the krona against other currencies after the enforced "float" of November 1992 has brought about a strong export-led recovery in the economy, but the domestic market is lagging behind and there has been little overall effect on unemployment. In the September 1994 general elections, Swedes ousted the centre-right coalition—with its focus on austerity and controlling inflation—and returned the Social Democrats to power in a minority government.

Government activity strives to achieve several goals. It will assist the maintenance of full employment, particularly in such areas as northern Sweden where persistent high unemployment exists. It will also influence restructuring and modernization of Swedish industry and provide resources for projects that are unattractive to private industry because of risks involved.

Sweden combines a free enterprise economy with extensive government social welfare activities. The state, in cooperation with local authorities, plays a vital role in providing medical, family, old age, disability, unemployment, and other social services.

# ***POLITICAL OVERVIEW***

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## **Denmark**

Denmark is a constitutional monarchy. The Parliament, known as the Folketing, is elected for a 4-year term. Usually elections are held before the 4 years are up, either because the government falls in a vote of confidence, or because the Prime Minister calls an election in an attempt to increase the government's parliamentary position. Denmark has a history of minority governments. The last election was held on September 21, 1994.

The Prime Minister works through cabinet ministers and their ministries. Cabinet Ministers need not be members of Parliament, although all but 2 of the current 20 ministers are. Ministers have no political deputy ministers or secretaries of state as in other parliamentary democracies. Rather, they have one or more permanent under-secretaries, who are the highest-ranking civil servants within the ministry. There are no political appointees among the civil servants who remain unaffected by changes of government.

NATO is popular in Denmark, perhaps more so than in any other country in Europe. More than 70 percent of the Danes favour membership of NATO, and the Danes are also adamant that progress toward European integration should not come at the expense of transAtlantic ties. Concern for retaining NATO is one of the arguments consistently invoked by opponents of Danish membership in the Western European Union.

## **Finland**

Finland is a parliamentary democracy with a strong presidency. The president is head of state and elected for a six-year term, with primary responsibility for foreign and security policy. The prime minister is head of government with responsibility for domestic affairs. However, EU accession has blurred the line between foreign and domestic policy. Parliamentary elections must be held at least every four years.

Finland took the historic step of joining the European Union in January, 1995 and elected a new Parliament in March. EU accession was largely a political and security issue, with Finland

confirming its status as a western, European state. While economic growth had already begun in 1994, budget deficits and historically high unemployment (18 percent) dominated the parliamentary election campaign.

The current administration is a five-party coalition government. The Conservatives and the Leftist Alliance (includes former communists) are serving in government together for the first time. This is also the Green Party's first time in government. The coalition is following the same major domestic economic line as the previous government and has retained the same Minister of Finance.

## **Norway**

As a result of a general EU membership referendum in November 1994, a relatively small majority of Norwegians (48-52 percent) managed to exclude Norway from full EU membership status. The strongest support for a "no to EU" position came from fishermen, farmers and civil servants. There was also considerable opposition from many business leaders and through much of the middle class. However, Norway is strongly linked to the EU through the previously negotiated European Economic Area (EEA) agreement, which provides favourable access to the EU market for most Norwegian commodities.

Without full EU membership, it is expected that Norway will only face minor complications in the short term. However, since Sweden and Finland have joined the Union (Denmark is a long-time EU member), some of Norway's exporters will meet customs barriers along the Swedish border instead of facing them outside Scandinavia. Some fish-processing companies may be flagging their operations to other Scandinavian nations. The long-term effects of being outside the EU may eventually lead to more complicated problems, such as limited control of energy policy in Europe, and perhaps reduced attractiveness to foreign investors.

The government supports free trade and non-interference. There are some limitations to this support, especially in areas like fisheries and agriculture. There are also some limitations based

on environmental considerations. Generally, Norwegian authorities look positively on foreign investments.

## Sweden

Sweden is a constitutional monarchy and a multi-party, parliamentary democracy. The King is the Head of State. All executive authority is vested in the Cabinet, which is formed through direct parliamentary elections every 4 years (until the 1994 elections, this was only 3 years). The

Parliament consists of the Prime Minister (Head of Government) and some 20 ministers. The present government is Social Democratic, with strong influence from the Left party and the environment party, the Greens.

The Social Democratic Party has strong ties to the trade union movement and has made combatting unemployment its top priority. It has its strongest support among blue-collar workers and public sector employees. The party has abolished many of its former socialist ideas but resists all attempts to concentrate power in the hands of the few.



Canadian exports to the Scandinavian countries amounted to \$1.5 billion in 1995, with Norway alone importing \$773.7 million, making this country Canada's 17th-largest export market. This represented a significant increase of 25 percent over the previous year in Canada's exports to the Scandinavian region as a whole.

While Canadian exports to the region have diversified, the trade balance favours the Scandinavian countries in a proportion of three to one. Scandinavian exports to Canada totalled \$4.5 billion in 1995.

## Denmark

Because of its EU membership, Denmark imposes common external tariffs on goods entering from non-EU countries, including Canada. These duties run from 5-14 percent on manufactured goods. This situation should improve over the next few years because such charges will be converted to fixed tariff equivalents and reduced under the Uruguay round multilateral trade agreement. There are very few non-tariff trade barriers.

Due to Denmark's strong dependence on imported raw materials and semi-manufactures (about 40 percent of production value in manufacturing industry), a strong krone also makes imports cheaper. The net effect on competitiveness of a 4-percent appreciation is reduced to between 2-3 percent.

In recent years, the krone appreciated most, between 10 and 15 percent, against 3 of Denmark's leading trading partners, Sweden, the United Kingdom and the United States, while it depreciated only slightly against the German Mark and the Yen.

Growth in imports was expected to remain in the 8 to 9-percent range in 1995, due to increased private investment and the strong krone. Canadian exporters to Denmark should take advantage of an improved competitive position resulting from the present low value of the dollar.

Prospects for 1996 were for total imports to increase about 5 percent, mostly supported by

business investment increasing some 7 percent and an export increase (if that holds) of about 5 percent.

## Finland

Finland's recovery from the recent recession was based on exports, which outstripped imports by about \$6 billion in 1994. Imports also showed substantial growth.

In 1994, Finnish exports were \$29.5 billion, an increase of 15 percent by value and 13 percent by volume. Imports totalled \$23 billion. Total 1994 imports were up 17 percent by value and one-fifth higher by volume than in 1993.

Finland is a springboard to Russia and the Baltic countries. Its gateway position between East and West was emphasized when Finland became a member of the EU. The 800 mile-long Finnish-Russian border is the Union's only border with Russia. Finland's trade with the former Soviet Union accounted for about 25 percent of Finnish exports.

Finns know how to do business in Russia and in the new Baltic States. Finland's excellent infrastructure and its geographical proximity to Russia and the Baltic countries, especially Estonia, give Finland an advantage as a gateway to the East. Many foreign companies use Finland as a base when opening their marketing and transportation activities to the former Soviet Union.

## Norway

Norway is a strong supporter of the World Trade Organization (WTO) and open world markets. At the same time, it is strongly protectionist in its treatment of certain domestic industries, particularly agriculture and retailing.

In general, Canadian exporters experience few problems doing business in Norway but some areas of tension exist. The results of the Uruguay round requires Norway to replace its non-tariff barriers with tariffs. Canadian companies that have a Norwegian subsidiary or agent/distributor are able to operate more effectively in this market.

The EU remains Norway's principal trading partner. In 1994, the EU accounted for 65 percent of Norwegian exports and 49 percent of imports. The other Nordic countries remain important trading partners (18 percent of exports and 26 percent of imports). Trade with low-cost developing countries in Asia continues to increase rapidly, although from a low starting point. Norway continues to look for ways to increase trade with Central and Eastern Europe and Northwest Russia, but such trade remains at low levels.

Norway welcomes foreign investment as a matter of policy, but foreign ownership continues to be restricted or prohibited in the areas of financial services, mining, hydropower, and for the acquisition of property in areas regarded as "politically" sensitive.

## **Sweden**

Foreign trade is vital to Sweden's economy. About 35 percent of Sweden's manufactured goods are

exported. Swedish industry relies heavily on imports of industrial goods, parts and components used in the manufacture of Swedish products. Because trade is so important, Sweden has traditionally maintained a policy favouring trade liberalization and takes an active part in international organizations which promote freer trade.

A weak domestic sector continues to be the main hindrance for Canadian export growth. Canadian exports to Sweden in 1995 were \$330 million, an increase from \$240 million in the previous year. Canadian exports to Sweden are expected to benefit from the stronger Swedish krona.

Sweden is the leading Scandinavian country in regards to foreign direct investment in Canada which totals more than \$1 billion by close to 140 companies with Canadian subsidiaries.

# HOUSING MARKET ACTIVITY, NEED AND DEMAND

The Scandinavian countries form a strong and dominant market in Europe. In this region, 90-95 percent of all new single and two-family dwellings built each year are wood-frame structures. Current estimates indicate that the Scandinavian housing market would represent 35 percent of all new wood-frame housing construction in Western Europe.

## Denmark

In 1995, Denmark had approximately 2.35 million households within its population of 5.21 million inhabitants. In the previous year, a total of 4.73 billion ECU (1 ECU = 7.52 DEK) was allocated to new housing (1.2 billion ECU), renovation and housing rehabilitation (3.53 billion ECU).

### Housing Construction Activity

In general, construction of publicly subsidized housing is expected to decrease although construction of such dwellings for the elderly is a public budget priority. Private housing will remain on its growth trend for the next few years. Mixed residential and commercial construction projects with a strong focus on high quality construction is a promising new trend.

To reflect growing consumer confidence, home-ownership promises to become the most dynamic sector within the new residential construction industry. Overall, new residential construction is expected to turn to detached and semi-detached single-family housing. Table 1 shows housing

completions and forecasts (in thousands) for 1994-2000.

### New Residential Construction

For the 1996-2000 period, total new housing completions will increase at a yearly rate of 6.5 percent while investments will grow by 8 percent, reflecting a change in the demand in favour of superior products.

### Repair and Maintenance

Residential renovation will most likely decline in the very short term because a special renovation subsidy scheme was discontinued in 1995. A general upturn in the economy should be expected to restore growth in residential renovation from 1996 onwards, as the growing turnover in the owner-occupied housing market will entail significant activity. There will be considerable support for renovation schemes relating to inner-city modernization and for resource-saving investments in the coming years.

### Market Impact Factors

Private consumption and investments are strong while unemployment is declining. The public budget deficit is still quite large but slowly decreasing. Surpluses are expected in the years to come. Housing prices are increasing after several years of decline. Consumer confidence is high.

Economic policies are expected to remain fairly constant in the forecast period. The real GDP annual growth rate is forecast to reach over 3 percent annually until year 2000.

**Table 1:**  
**Housing Completions and Forecasts (in thousands) – Denmark**

Housing	1994	1995	1996	1997	1998	1999	2000
1 + 2 Family dwellings	5.0	7.0	9.0	10.0	11.0	12.0	13.0
Flats dwellings	8.0	7.0	7.0	7.0	7.0	7.0	7.0
Total dwellings	13.0	14.0	16.0	17.0	18.0	19.0	20.0

Source: Euroconstruct, European Construction to 2000, October 1995



## Finland

In 1995, Finland had 2.2 million households within its total population of 5.1 million inhabitants. In the previous year, a total of 3.45 billion ECU (1 ECU = 6 FIM) was spent in the housing sector on new residential construction (1.9 billion ECU), and renovation and rehabilitation (1.55 billion ECU).

The concept of housing in Finland is somewhat different from that of North America. For instance, in 1993, 43 percent of the total population lived in condominium-type apartment buildings, 80 percent of the population lived in urban centres and the remaining in rural districts. The total number of dwellings in 1993 reached 2.3 million. Floor areas for the average single-family dwelling in Finland are 75 m<sup>2</sup> with an average number of rooms of 3.6 (compared to 5.4 in Canada).

### New Residential Construction

New housing construction is expected to post clear growth (8 percent on average for the 1997-2000 period) for the next few years. However, 1995 was expected to be beset with troubles and an expected 10-percent decrease in new housing construction output was forecasted. The prices for existing dwellings and houses are so low that new ones remain unsold. Despite this progression, the number of completions (18,000 in 1994) is nowhere near the figures (65,000 in 1990) that prevailed at the turn of the decade. Table 2 shows housing completions and forecasts (in thousands) for 1994-2000.

Investment in new housing construction is expected to grow by 2 percent in 1996. Finnish dwellings are still cramped. Production volumes will remain high by Nordic and European comparisons.

It is likely that public support to housing will have to be cut further and allocated on an as-needed basis. This applies to the tax deductibility of housing loans, interest subsidy, state housing loans and subsidies. On the other hand, those measures might bring new life to a dying housing construction market.

### Repair and Maintenance

Repair and maintenance accounted for 45 percent of the country's overall housing construction activity in 1994. Renovation activities were expected to grow at a 10-percent rate in 1995, 8 percent in 1996 and 7 percent for the 1997-2000 period.

The age distribution of the Finnish building stock is at the heart of growth expectations for repair and maintenance. The number of buildings reaching the age of deterioration grows 4 to 5 percent each year and sets the stage for a corresponding increase in repair and maintenance expenses. The rehabilitation of older neighbourhoods and apartment buildings will be a great challenge in Finland over the next few years.

### Local Technology

Housing construction has undergone considerable change since the 1970s. The country's focus was on high-density suburban housing, particularly in the form of very large estates of apartment blocks.

The present trend indicates an increased proportion of apartments in small blocks; the proportion of row and detached housing has also increased considerably. Construction activity is re-shaping itself further away from the main population centres to areas where land is cheaper and landscape conservation implies lower construction.

**Table 2:**  
**Housing Completions and Forecasts (in thousands) – Finland**

Housing	1994	1995	1996	1997	1998	1999	2000
1 + 2 Family dwellings	9.0	8.0	7.0	10.0	13.0	12.0	11.0
Flats-Dwellings	9.0	10.0	9.0	12.0	12.0	13.0	11.0
Total-Dwellings	18.0	18.0	16.0	22.0	25.0	25.0	22.0

Source: Euroconstruct, European Construction to 2000, October 1995

Despite the northern location of Finland, the temperatures are moderate compared to the Yukon, due to the Gulf Stream. Design temperatures for construction in the Helsinki area are between +27°C and -27°C. Because Finland is not endowed with indigenous energy sources, it is heavily dependent on imported fuels.

Even before the energy crisis, energy conservation was a major consideration in construction. Some 80 percent of all dwellings in Finland are centrally or electrically heated and the most common method of heating is the circulating hot water system. Direct (radiant) electrical heating has been gaining popularity in detached housing.

The use of central forced air heating systems is negligible. Increased popularity of hot water central systems in urban areas is largely due to the use of district heating in Finland. Currently, almost 80 percent of dwellings in Helsinki are connected to the district heating system.

About 60 percent of all apartment buildings constructed use prefabricated concrete elements. Detached houses and terraced houses, which represent some 60 percent of all construction projects, are 90 percent wood.

### **Wood-frame Housing Market Characteristics**

The use of factory-produced elements in detached wood-frame housing is quite common. 80 percent contain prefabricated components, while two-thirds of houses are built using truss frames. Sealed joints and corners and average insulation of 20 cm of polyurethane or mineral wool in external walls, floors and ceilings, make Finnish prefabricated housing very energy efficient. Particular attention is paid to tightening and sealing windows and doors.

There are over 20 manufacturers of prefabricated houses and elements. They offer hundreds of designs for customers to choose from. Competition and product development has kept the prices of prefabricated houses below general cost increases in the construction industry.

### **Housing Components (windows, doors and floorings)**

Energy conservation requirements have led to widespread use of triple-glazed windows in Finland. The standard of thermal conductance applied to Finnish windows demand a value of less than or equal to 2.1 W/m<sup>2</sup> K and the corresponding U-Value for external doors is 0.7W/m<sup>2</sup> K. The main construction material of both doors and windows is wood. Window frames are usually manufactured as glued units with the result that the wood framework retains its correct shape regardless of changes in humidity levels. Impregnated wood has increasingly been used in the outside framework. Doors are mainly surfaced with high-quality pine and inside insulation is either polyurethane or mineral wool.

The interior door market in Finland is dominated by the Swedish multinational, Swedish Match. It acquired the largest Finnish manufacturer, Saastamoinen, some years ago. There are over 20 manufacturers of doors in Finland.

The building products market in Finland is almost totally in the hands of domestic producers. Large saw milling and wood processing companies operate lumberyards and sell their own products, such as wooden windows, doors and frames.

Ninety-nine percent of all window frames sold in Finland are of wood. There is one manufacturer of aluminium extrusions for frames and another of plastic window frames. Each has its own distribution networks.

The building boom in 1989 created a demand for doors. Almost 80 percent of door tonnage had to be imported from Sweden and Norway. Other sources of imports were Thailand, the Netherlands and the Ivory Coast. There were no imports of doors from Canada and little tonnage was imported from the U.S.

The problem with North American doors is that they are made in imperial measures whereas Finnish standards are metric. Since the use of prefabricated components in the construction industry is predominant, doors have to fit the space reserved for them in the precast elements.

### **Lumber and Other Commodities**

Finland is self-sufficient and a net exporter of wood-based building materials, lumber, plywood



and fibreboard. Mineral construction materials such as granite, bricks and cement are also abundantly available locally. Small amounts of speciality cements, marble and slate are imported from European sources.

There are three major chains of lumber yards which also sell wood-based products for the building industry and do-it-yourself builders. These chains are owned by large sawmill companies:

- Puukeskus Oy (an affiliate of the Repola Group) with 30 sales offices in major cities;
- Rakentajan Starckjohann Oy (member of the Starckjohann Group) with 43 distribution outlets; and
- Puumerkki Oy (owned by Enzo-Guzeit Oy) with 19 outlets.

There are over 600 smaller local sawmills in Finland that sell their products either directly to end-users or through lumber yards. Farmers are the largest owners of forests in Finland and can have their own timber sawn on a custom basis at local sawmills.

### Relevant Regulatory Systems

Apartments are sold as turnkey projects. Kitchen and other units are already installed and bathrooms come complete with fixtures and tiled walls. The apartment buyer may be given a choice of floorings and wallpapers if the purchase decision comes in advance of construction completion. Construction companies have expanded into larger integrated conglomerates through company takeovers. They are active in building materials and component manufacturing, cabinet-making and even furniture manufacturing. Large builders are almost completely self-sufficient in construction components supplied from their own affiliated companies.

The assortment of available supplies on the do-it-yourself market is limited to the simpler jobs like painting, wallpapering, and minor repairs. All major repairs in apartments are carried out by a condominium corporation. Speciality hardware stores are moving from urban centres to shopping centres in the suburbs where there is hope of

finding customers among the few private house owners in the vicinity.

In Finland, the retail hardware trade is very highly centralized in the hands of four major chains. Two are privately owned and two are cooperatives. Independent hardware speciality stores have formed the Rautia chain under a joint purchase organization called Tuko-Rautia Oy. Private retailer-owned Kesko Oy acts as distributor for the "K-Rauta" chain of hardware stores.

Two organizations could serve as starting points for interested exporters: the Confederation of Finnish Construction Industries (fax: 358-0-129-9252) and the Association of Finnish Plywood Industry (fax: 358-0-657-145).

### Norway

In 1995, Norway had approximately 1.8 million households within its population of 4.35 million inhabitants. In the previous year, a total of 3.38 billion ECU (1 ECU = 8,374 Kroner) was allocated to new residential construction (2.43 billion ECU), renovation and rehabilitation (0.95 billion ECU).

### New Residential Construction

Housing construction output is expected to peak in 1996-97 with an estimated 21,800 units completed. Factors include: a predicted rise in mortgage interest rates, a reduction on housing demand, and the withdrawal of new public housing construction subsidies starting in 1996. These will contribute to bring down housing starts to 17,500 units per year.

Approximately 90 to 95 percent of new individual houses are wood-frame constructions. Table 3 shows housing completions and forecasts (in thousands) for the period 1994-2000.

### Repair and Maintenance

A lack of statistics for this sector makes it difficult to prepare reliable forecasts. According to data recently published by Euroconstruct, the repair and maintenance sector is expected to grow by 2 percent in 1996 after a 3-percent increase in the previous year. An average yearly 1-percent increase will follow over the course of the 1997-2000 period.



**Table 3:**  
**Housing Completions and Forecasts (in thousands), 1994-2000 – Norway**

Housing	1994	1995	1996	1997	1998	1999	2000
1 + 2 Family dwellings	14.4	16.3	17.0	17.4	17.1	15.4	14.3
Flats dwellings	3.4	4.4	4.8	4.4	3.9	3.5	3.2
Total dwellings	17.8	20.7	21.8	21.8	21.0	18.9	17.5

Source: Euroconstruct, European Construction to 2000, October 1995

## Housing Construction Activity

The fall in interest rates has had a strong impact on residential construction activity. After six years of decreasing output (30,400 housing units in 1988 compared to 16,000 in 1993), the downward trend climbed to 17,800 units in 1994. This reversal was even more dramatic for housing starts with a 31-percent increase in 1994.

Increasing demand induced a strong price upsurge with a 25-percent nominal price increase. The price had been declining by 33 percent during the 1987-92 period and had been at 20 to 30 percent below construction costs. The forecast reduction in interest rates on housing loans for 1995 was expected to be accompanied by substantial lows in import price fluctuations within the second-hand market.

## Factors Affecting Housing Demand

Population growth in Norway will increase at an annual rate of 0.5 percent from 1995 to the year 2000. Forecasts are based on a stable fertility rate and net immigration figures of 8,000 per year. The 65 and older age group will slowly decrease, while the under-15 age group will progressively increase.

The outlook for the Norwegian economy relies on international economic evolution. Tight financial policies and reduced investments in the oil industry will contribute to moderate growth in the medium term. GDP growth was expected to reach 4.8 percent in 1995. Economic activity, for its part, should decrease by 3.7 percent in 1996 and by a subsequent 1.9 percent each year for the 1997-2000 period.

## Sweden

In 1995, Sweden had approximately 3.9 million households within its population of 8.86 million inhabitants. In the previous year, a total of 5.07 billion ECU (1 ECU = 9,15 SEK) was allocated in new housing construction (1.51 billion ECU), renovation and rehabilitation (3.56 billion ECU).

One third of the Swedish population lives in the country's three major urban centres. Sweden has approximately 4 million dwellings that are classified as good quality housing. An estimated 75 percent of these were built after 1940. Most housing originating before that period has been renovated. The standard living area is an approximate 40 m<sup>2</sup> per person.

## Local Technology

In Sweden, 95 percent of all houses are plant-manufactured with high quality and energy efficiency standards. These prefabricated wood-frame homes are produced in either panelized or modular form and virtually all new homes have heat recovery ventilators.

Excluding land, taxation accounts for over 40 percent of the cost of producing a home in Sweden. Without current government subsidies, an average Swedish homebuyer would spend 3 to 5 times more disposable income than their North American counterpart. Housing affordability is likely to become a major issue with reduced government subsidies, simplified building regulations and more demanding consumers.

The Swedish manufactured wood-frame housing industry offers almost unlimited design flexibility, from small standardized single-family homes to large customized luxury housing and light commercial structures. The degree of automation varies from plant to plant. Houses are

normally manufactured as complete, closed-wall systems. As with Canadian practices, wall sections are built around windows and doors to allow tight fitting and speedy construction.

Housing can be produced to fit cold as well as hot and humid region requirements. The factory system makes it possible to meet regional architectural preferences, local building codes and prevailing lifestyles. Manufactured houses are built only with confirmed orders rather than stockpiled.

Most Swedish factories employ their own trusted erection crews for on-site assembly and finishing. Swedish home-builders are skilled and renowned for their efficiency. All utility runs are installed at the factory while electrical wiring is usually completed on site by means of plastic conduit networks built-in at the factory.

Inspections are carried out at the factory level by licensed inspectors. Building pressure tests and thermography ensure that insulation and air vapour barriers are properly installed.

Sweden works with a single national building code. This performance-based standard has played an important part in the development of Swedish home building technology. The Swedish Council for Building Research in Stockholm (tel.: 46-8-617-7300) is a major institution in the Swedish housing environment and should be referred to as a key information source on the industry.

In fact, the property management, repair and development sector plays a strategic role in the Swedish economy. Construction materials, along with heating and property management, account for a quarter of the country's GNP. Exports of construction materials, contracting and consulting

services provide a surplus in the balance on current account. Their major trade partners are Germany, the other Scandinavian countries, all Eastern Europe and Japan.

### Local Housing Activities

During the 1987-94 period, housing construction activity peaked in 1991 with 67,000 units as opposed to 31,000 in 1987. A downward progression to 21,600 followed in 1994 which was expected to end in 1995 after a low of 12,200 units. According to recent data published by Euroconstruct, housing construction growth should average 8.4 percent in 1996 and 11.2 percent annually from 1997-2000. Housing completions and forecasts for the period 1994-2000 are shown in Table 4.

### Repair and Maintenance

Approximately 75 percent of the country's overall residential construction industry goes to the subsidized renovation and rehabilitation sector. This approach has been used by the government to sustain employment in the construction sector. Subsidies, however, are expected to decrease in the future. As a result, repair and maintenance expenditures (a 4.4-percent decrease of 1995) can only lead to slight progress for the following year with 2-percent annual growth rate forecasts for the 1997-2000 period.

### Factors Affecting Housing Demand

Population increases are expected to slow down in the second half of this decade. High unemployment plagues the younger generation. Disposable income will grow slowly. The number of households is likely to grow at the same pace as the population over the 1995-2000 period.

**Table 4:**  
**Housing Completions and Forecasts (in thousands) – Sweden**

Housing	1994	1995	1996	1997	1998	1999	2000
1 + 2 Family dwellings	5.2	4.2	5.3	5.9	6.5	7.3	8.1
Flats dwellings	16.4	8.0	8.7	9.5	10.4	11.8	13.0
Total dwellings	21.6	12.2	14.0	15.4	16.9	19.1	21.1

Source: Euroconstruct, European Construction to 2000, October 1995

In 1995, the Swedish GDP was expected to increase for a second consecutive year. GDP increased by 2.2 percent in 1994, and forecasts for 1995 and 1996 were 2.5 percent and 2.9 percent respectively. Positive factors include a booming export sector, a stronger currency, falling interest rates, low inflation and a shrinking government budget deficit. Negative factors include weak domestic demand and a high unemployment rate. GDP growth forecast for the period 1997-2000 period is a stable 2.2 percent.

Since January 1993, a new housing financing system has been implemented that makes capital costs more sensitive to interest rates than in the past. Interest subsidies are now reduced and will be even lower in the future. Higher relative prices on housing are, therefore, a very important factor to consider in terms of assessing the progression of housing demand.



# EXPORT OPPORTUNITIES AND STRATEGIES

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Local wood-frame industries in the Scandinavian countries are strong and fully articulated. They have positioned themselves as key exporters to Western and Eastern Europe as well as abroad. Despite similar structures, business and marketing approaches, Sweden and, increasingly, Finland are more aggressive in their approach to market opportunities.

The local industry has developed a full range of prefabricated housing products, offered in a variety of styles, quality and prices, to meet Western European and sub-regional tastes, traditions and regulations. Most units are sold in kit form. Flexibility, timely delivery schedules, price competitiveness and energy efficiency are at the root of their success. The major players from the Scandinavian wood-frame house building industry are progressively turning to vertical integration, adding product, material or component manufacturing to their main stream of activities.

New housing markets are expected to progress substantially in Scandinavia over the next few years, particularly in Finland and Denmark. Such growth, however, is not likely to lead to major export opportunities for Canada.

Strategic alliances between Canadian and Scandinavian companies should be considered in any attempt to build on complementary expertise and resources in external export markets. Regardless, Scandinavian wood-frame housing activity, as well as marketing approaches used to support their further penetration in the West European markets, should be closely monitored by prospective Canadian exporters. Scandinavian companies are a major competitor in all Western European wood-frame housing markets. Consequently, these firms are the preferred partners for other export markets.

## Denmark

### Local Industry and Foreign Competition

Denmark is a net exporter to neighbouring countries in both Western and Eastern Europe for almost all housing-related products designed and manufactured by potential Canadian exporters.

These products include prefabricated buildings made of wood, iron, steel and other materials, windows and doors (including frames) and wood floorings. Only Sweden has been able to secure a significant share of the rather limited volume of Danish imports of these products.

The strength of the Danish manufacturing industry together with special regulations prevalent in the Danish market are likely to preclude important successes for Canadians in these markets.

Detailed information on local regulations and specialty markets is available through the Danish Housing and Building Agency in Copenhagen (tel.: 45-33-92-61-00), from the Statens Byggefornings Institute in Horsholm (tel.: 45-42-86-55-33) and from the Canadian Embassy in Copenhagen (tel.: 45-33-12-22-99).

### Canadian Trade Patterns

In 1995, Canada exported US\$6 million to Denmark, a 62-percent increase compared to 1992, whereas Denmark's imports for selected products grew 25 percent from US\$996 million to US\$1.25 billion over the same period of time. Denmark is Canada's 12<sup>th</sup> largest trading partner for housing-related products among Western European countries.

In terms of import market share, Canada accounted for less than 1 percent of Denmark's total imports of selected products in 1995.

For the 1992-1995 period, approximately 88 percent of all Canadian exports to Denmark fell into the 3 categories, as illustrated in Table 5.

Except for US\$143 million worth of plastic floor coverings (roll, tile), there are no other export patterns of manufactured products from Canada to Denmark.

In the 1992-1995 period, Canada's strongest exports to Denmark were plywood with a 6-percent share of Denmark's total import market (a 2-percent increase over 1992) and sawn non-coniferous wood totalling 4 percent of Denmark's imports (a 2-percent increase over 1992).

## Opportunities

With growing import patterns for some housing-related products, Denmark does offer opportunities to Canadian companies. Greenland should not be overlooked as a market for housing-related products, including prefabricated housing. Over the 1992-95 period, the most significant categories of total imports by Denmark are shown in the following table.

**Table 5:  
Canadian Exports to Denmark by Category,  
1992-95**

Sawn non-coniferous wood	150 %	US\$2 million
Plywood	332 %	US\$2.5 million
Sawn coniferous wood	Same	US\$0.9 million

**Table 6:  
Most Significant Categories of Total Imports  
by Denmark, 1992-95**

Sawn coniferous wood	24 %	US\$519 million
Sawn non-coniferous wood	60 %	US\$55 million
Particle board of wood	14 %	US\$85 million
Plywood	11 %	US\$40 million
Wood doors and frames	74 %	US\$30 million
Electric signalling apparatus	54 %	US\$41 million
Plastic builders' wares	54 %	US\$32 million
Plastic floor coverings	31 %	US\$22 million

## Finland

### Trade Patterns Analysis

Canada exported US\$5 million in 1994 to Finland, an 18-percent decrease compared to 1992, whereas Finland's imports for these products grew 16 percent from US\$242 million to US\$280 million over the same period. Finland is Canada's 13<sup>th</sup> largest customer for housing-related products among Western European countries. In terms of import market share, Canada accounted

for 2 percent of Finland's total imports of selected products in 1994, down from 3 percent in 1992.

Approximately 80 percent of Canadian exports to Finland are related to sawn non-coniferous wood (US\$3.1 million), a 24-percent increase compared to 1992, and particle board (US\$0.9 million), an 82-percent increase compared to 1992.

There are no significant export patterns of manufactured products to Finland. In 1994, Canada's most significant product export to Finland was sawn non-coniferous wood, accounting for 8 percent of Finnish imports (down from 10 percent in 1992), and particle board wood products, which accounted for 10 percent of Finnish imports (an increase of 8 percent over 1992).

## Opportunities

Finland may become a more aggressive competitor to Canadian exports in other Western European countries. With a strong and self-sufficient local industry and with limited import patterns for housing-related products, Finland seems to offer limited trade opportunities to Canadian companies. The few initiatives undertaken so far by Canadian companies in the Finnish market have yet to yield immediate or significant success. The fastest growing overall imports over the 1992-94 period are shown in Table 7.

**Table 7:  
Fastest Growing Overall Imports, by  
Category 1992-94**

Sawn non-coniferous wood	44 %	US\$38 million
Sawn coniferous wood	114 %	US\$15 million
Non-coniferous veneer	40 %	US\$8 million
Builders' joinery	stable	US\$15.7 million
Electric signalling apparatus	124 %	US\$40 million

## Norway

### Canadian Trade Patterns

In 1995, Canada exported a total of US\$7 million of housing-related products to Norway, a 100-percent increase over 1992, whereas Norway's imports for these products grew 43 percent from US\$611 million to US\$875 million over the same period. Norway is



Canada's 11<sup>th</sup> largest customer for housing-related products among Western European countries.

In terms of import market share, Canada accounted for only 1 percent of Norway's total imports for the selected product categories in 1995, the same as in 1992.

During the 1992-95 period, approximately 70 percent of Canadian exports to Norway were in the product categories shown in the table below.

**Table 8:**  
**Canadian Exports, 1992-95**

Sawn non-coniferous wood	105 %	US\$2.2 million
Plywood	367 %	US\$2.8 million

There are no significant export patterns of manufactured products to Norway.

In 1995, Canada's strongest export to Norway was plywood, making up 20 percent (a 5-percent increase over 1992) of Norway's overall imports, and sawn non-coniferous wood totalling 5 percent (a 4-percent increase over 1992) of Norway's imports.

## Opportunities

Based on trade patterns of housing construction products, the Norwegian market offers some potential to Canadian exporters. Fastest-growing import categories over the 1992-95 period are shown in Table 8.

**Table 9:**  
**Fastest Growing Import Categories, 1992-95**

Sawn coniferous wood	77 %	US\$221 million
Sawn non-coniferous wood	77 %	US\$45 million
Builders' joinery	69 %	US\$48 million
Wood doors and frames	57 %	US\$42 million
Air conditioning machines	7 %	US\$25.6 million
Prefabricated buildings and their components	7 %	US\$28 million
	159 %	US\$12 million
Electric signalling apparatus	12 %	US\$12 million
Kitchen furniture made of wood	34 %	US\$60 million
Plastic floor coverings	13 %	US\$50 million

However, there is strong competition from local, Swedish and Finnish wood producers. Prices are

adjusted at the mill, based on international market conditions. Consequently, Canadian wood products do not have de facto price advantages.

Local experts have also identified specialty wood types such as red cedar as potential market niches for Canadian exporters.

## Sweden

### Canadian Trade Patterns

In 1994, Canada's housing-related product exports to Sweden totalled US\$13 million, a 40-percent increase compared to 1992. Swedish imports for these products fell 11 percent from US\$780 million to US\$695 million over the same period. Sweden is Canada's 9<sup>th</sup> largest customer for housing-related products among Western European countries.

In terms of import market share, Canada accounted for 2 percent of Sweden's total imports of selected products in 1994, up from 1 percent in 1992.

Approximately 80 percent of Canadian exports to Sweden are related to sawn non-coniferous wood (US\$7.6 million, a 104-percent increase over 1992) and particle board of wood US\$3.2 million, a 124-percent increase over 1992).

In 1994, the only significant volumes of manufactured products exported to Sweden were for prefabricated buildings (US\$0.45 million, a 153-percent increase over 1992) and thermostats (US\$0.8 million, a 500-percent increase over 1992). However, Canada still accounts for only 1 percent and 2 percent of Sweden's overall imports for these products which indicates further growth potential.

In 1994, Canada's strongest position in Sweden was with sawn non-coniferous wood, building up to 14 percent of Swedish imports for an 8-percent increase over 1992.

## Opportunities

Sweden is a leading exporter of wood-frame prefabricated housing and housing components such as wood flooring. Its local wood-frame housing industry is fully developed and all efforts are put forth in order to cope with the atrophy of local housing construction activity.



**Table 10:**  
**Sweden's Fastest-Growing Import Segments,**  
**(1994 versus 1992)**

Sawn non-coniferous wood	45 %	US\$66 million
Particle board of wood	48 %	US\$38 million
Builders' joinery	26 %	US\$149 million
Wall-type air conditioners	55 %	US\$13.7 million
Prefabricated buildings	46 %	US\$47 million
Thermostats	23 %	US\$43 million

Therefore, only limited opportunities exist for Canadian exporters contemplating the Swedish market. More share of Sweden's fastest-growing import segments (1994 versus 1992) could be gained as illustrated in Table 10.

# BUSINESS ENVIRONMENT

## Business Customs

### Denmark

Danish business people are likely to get down to business right away and are generally conservative and efficient in their approach to business meetings. Advance appointments are usually necessary. Punctuality is a must as it is considered rude to be late.

Danes work shorter hours than North Americans. The standard work week is 37 hours. Mandatory vacation is five weeks, of which three are taken during summer, one often around Christmas, and one during the winter. Danes treasure their leisure time, most of which is spent with the family. Business people should not expect to meet with their Danish counterparts after 4 p.m. on weekdays. On Fridays, many Danes leave early, generally between 2 to 3 p.m. Do not plan meetings on Saturdays, Sundays, or on national holidays. The official national holidays are shown in Table 11.

**Table 11:**  
**Holidays – Denmark**

January 1	New Year's Day
March/April	Good Friday
March/April	Easter Monday
April	Maundy Thursday
May 3	Prayer Day
May	Ascension Day
May	Whit Monday
June 5	Constitution Day
December 25	Christmas Day
December 26	Second Christmas Day

Handshakes are the accepted form of greeting. Danes shake hands both for greetings and goodbyes. Unlike in North America, men do not stand when a woman enters or leaves a room. Some North American forms of greeting can be misunderstood. The standard greeting "How are you?" is sometimes literally construed and hence

misunderstood. "I'm pleased to meet you" is preferable and conveys a more sincere message.

### Finland

Finland is a modern, post-industrial country having close relations with other Scandinavian countries. Social and business protocol is similar to that in Canada and requires no special mentions of taboos. It is worth noting that relationships are important within the society and business. Finns prefer to deal with people they know and trust.

To work in Finland, a foreigner needs a work permit. These documents must be obtained from a Finnish consulate in the applicant's home country before arriving in Finland. Nationals of other Scandinavian countries do not need residence or work permits. EU citizens outside the Scandinavian countries need to apply for an ETA-card from the local police for stays exceeding 90 days. An ETA-card is a combined work and residence permit.

The national holidays in Finland are as follows:

**Table 12:**  
**Holidays – Finland**

January 1	New Year's Day
January 6	Epiphany
March/April	Good Friday
March/April	Easter
March/April	Easter Monday
May 1	May Day
May 16	Ascension Day
June 22	Mid-Summer
December 6	Independence Day
December 25-26	Christmas Day

### Norway

It is easy for Canadians to do business in Norway because most, indeed virtually all, Norwegians speak English well. There are no visa requirements for Canadian citizens visiting Norway, but business people should note the official holidays, as listed in Table 13.

**Table 13:  
Holidays – Norway**

March/April	Holy Thursday
March/April	Good Friday
March/April	Easter Monday
May 1	Labour Day
May 16	Ascension Day
May 17	Independence Day
May 26	Whit Monday
December 25	Christmas Day

Some of the Norwegian manufacturing plants and major businesses are closed for 3 to 4 weeks of summer holidays from mid-July to mid-August. Easter (10-day holiday season for many Norwegians) is also a period of low business activity.

### Sweden

Business customs are similar to those in Canada and a visiting business person will easily adapt to those prevailing in Sweden.

Canadian travellers to Sweden must have a valid passport. Table 14 shows the official holidays in Sweden.

**Table 14:  
Holidays – Sweden**

January 1	New Year's Day
January 6	Epiphany
March/April	Good Friday
March/April	Easter Monday
May 1	Swedish Labour Day
Sixth Thursday after Easter	Ascension Day
A Saturday between June 19-26	Whit-Monday (Midsummer Day)
First Saturday in November	All Saints' Day
December 25-26	Christmas Day

Offices are also closed on Midsummer Eve, Christmas Eve, and New Year's Eve. Government and many business offices generally close at 1 p.m. on the day before major holidays.

### Business Infrastructure

The business infrastructure in the Scandinavian countries is comparable to that in Canada.

### Denmark

Denmark possesses a first-class distribution infrastructure, including excellent telecommunications, a high-quality nationwide highway and rail network and airports accessible from all population centres. Copenhagen is a major port with free port facilities and is ideally situated as a transit point into the Baltic.

Many multinational firms utilize Denmark as a distribution point for Scandinavia or the Baltic littoral. Denmark has shown a continued willingness to invest in infrastructure improvements, as shown by a major expansion of Kastrup (Copenhagen) Airport and three bridge/tunnel projects expected to cost US\$3 billion each. When these projects are completed, a new northern European land route will exist connecting all of Scandinavia to the European continent through Germany.

The infrastructure is excellent everywhere. There are 70,000 kilometres of good roads in Denmark (including 1,000 kilometres of freeway) and a 3,000 kilometre railway network. Bridges and ferries provide fast links between the various parts of Denmark. There are 13 civilian airports of which Copenhagen International Airport (Kastrup) is the largest. It is Scandinavian Airlines System's consolidation hub for U.S.-bound traffic. Copenhagen also has a modern seaport. Other major ports are at Esbjerg, Aalborg, Aarhus, and Fredericia.

Telecommunication services are highly developed. Denmark is a central link for satellite communications between the former East Bloc and Western Europe and the United States. Its telephone system provides first-class digital service, and two cellular systems (NMT and GSM) offer excellent trans-European and inter-Scandinavian mobile communications. Very few non-Danes speak Danish so almost all Danish international business people speak another language. Most speak English and often also German. A high proportion of the Danish population has a working knowledge of these two languages.

### Finland

Finland has an effective transportation network of trains, roads and air links. Public transportation is abundant and efficient, especially in major cities.



There are more than 20 domestic airports in Finland, so inland destinations are easily reached. Frequent flights depart from Helsinki to all major cities abroad.

The transport system is based on an efficient rail and road network, supported by a wide network of freight forwarders and trucking companies. Soon, high-speed trains will go into service between major Finnish cities. Finland's domestic distribution system for goods and services is efficient. Ports are secure and automated. Loading and unloading operations are consequently quick and generally trouble-free.

This well-functioning transport system, as well as the fact that Finland's rail gauge is the same as in Russia make the country a good trans-shipment point for Russian trade. Among other projects, Finland is developing the gateway idea further by maintaining and extending a highway in southern Finland that reaches the Russian border at the southern Vaalimaa crossing point. The E18 road is part of the European Union Trans-European Road Network system, connecting EU-member Scandinavian capitals with efficient roads.

Furthermore, Finland has an efficient and competitive telecommunications system with cellular and fixed telephones. There are also a variety of data-based telecommunications services available. This technology is also used by Finnish banks, among others, in their automated services. Finland is in the forefront of development and usage of telecommunications. Telephone calls can be made from Finland to almost 200 countries. Finland has one of the most extensive mobile phone networks in the world.

## **Distribution and Sales Channels**

Distribution channels in the Scandinavian countries are similar to those in the Canadian market. Goods may be sold through an agent, distributor, established wholesaler, or by selling directly to retail organizations.

### **Denmark**

As in most other developed countries, methods of distribution in Denmark vary with the type of product. Capital goods, commodities and industrial raw materials are most often handled by non-stocking sales agents. Specialized and

high-technology products are usually handled by stocking distributors who have their own service and maintenance facilities. Consumer goods are usually sold through importing agents and distributors, but increasingly are also imported directly by major retailers such as department and chain stores.

### **Finland**

The majority of Finnish commission agents (about 200) are members of the Finnish Foreign Trade Agents' Federation, which has 18 divisions for different products. These commission agents are relatively small, private companies, most of them operating in such sectors as imports of textiles, apparel, furnishings, and raw materials.

Most of the importers and wholesalers belong to the Federation of Finnish Trade, a central organization for over 25 trade associations covering the bulk of foreign goods sold to Finnish trade and industry.

Wholesale and retail distribution of consumer goods are highly concentrated among four large companies: K-Group (Kesko), T-Group (Tuko), Inex-Group and Tradeka. These companies distribute and sell products ranging from food and clothing to construction and agricultural machinery. The K- and T-Groups are private corporations while the Inex-Group is composed of consumer-owned cooperatives.

### **Norway**

Three-quarters of Norway's 4.35 million people reside in southern Norway. Most of the major importers and distributors are headquartered in the Oslo region, while some have sub-agents or sales offices in major Norwegian cities. The rest of the country is made up of widely dispersed, small population centres which are costly to serve due to long distances and high freight expenses.

There are few countrywide, multi-store chains, and most retailers and distributors are small by North American standards. Sub-agents and secondary distribution is the standard—a workable method of handling Norway's scattered northern markets. With proper market promotion and support, a good local business partner or an astute local office, foreign companies have unusually good prospects in this small but affluent market.

## Sweden

Sweden offers Canadian exporters a wide range of methods for the distribution and sale of products. The distribution structure has undergone substantial changes and is today characterized by a very high level of efficiency.

The Federation of Swedish Commerce and Trade (Grossistförbundet Svensk Handel) is the principal organization for the private wholesale and import trade in Sweden. Its membership includes more than 50 trade associations, whose 1,200 member firms are importers, wholesalers, distributors, agents and general agents of all types of goods. Approximately two-thirds of all Swedish imports are purchased through wholesalers and importers. Consumer goods and industrial raw materials are very often imported through these channels.

The major distribution centres are Stockholm, Göteborg and Malmö. Stockholm is the capital and business centre of Sweden with a metropolitan area population of more than 1.5 million. Most head offices of Swedish industrial, commercial associations and large corporations are located there. Many multinationals also use Stockholm as their headquarters for Nordic and Baltic operations.

## Finding a Partner

### Denmark

The modern world of advanced cross-border communications has eliminated numerous barriers, but many Danish companies still prefer to deal with an established local import agent or distributor, rather than buy directly from abroad. The Danish agent and distributor community has developed over centuries and is today a very selective and competitive group of businesses. Many sectors are dominated by a few powerful and quite conservative companies that have spent decades establishing lasting relationships with their clientele.

In contrast to such traditional distribution channels, there is now some movement, although slow, toward direct purchasing especially from European suppliers. This trend is especially evident in the food business where larger retail chains maintain in-house import divisions.

At the same time, there is an increasing trend for foreign companies to establish branch offices in Denmark. In those instances where a Canadian company does not wish to establish its own sales office in Denmark, it is advisable to seek a local agent or distributor.

### Finland

One exclusive agent or distributor is usually appointed to cover the entire country, mainly because of the relatively small size of the Finnish market. Finnish importers often represent several different product lines. In selecting a representative, an exporter should check whether that company handles competing products. Consumer goods and similar merchandise requiring maintenance of stock are often imported through wholesalers or trading houses. Such products may also be sold directly to retail chains, department stores, and other retail outlets.

Contacting local trade associations for a list of importers is a good way to find a distributor in Finland. Finnish importers also attend major trade fairs in Europe and North America in order to find new products and ideas, but also to find new principals.

### Sweden

Swedish commercial agents are organized under the Federation of Commercial Agents of Sweden (Svenska Handelsagenters Förbund). In collaboration with organizations in other Nordic countries, it has developed a new contract form for agency agreements. The contract was developed in accordance with the EU's "Directive on the Coordination of the Laws of the Member States Relating to Self-Employed Commercial Agents", dated December 1986. Specific Swedish legislation sets out the rights and obligations of each party to an agency/principal contract or arrangement. The basic law covering such agreements is found in the Swedish Code (SFS) 1914:45 as amended.

Normally, an exclusive agent or distributor is appointed to cover a Swedish market. Swedish agents and distributors often represent several foreign firms. A visit to the prospective market is the best way of making a first-hand appraisal of the relative merits of prospective agents and distributors. Close contact between the Canadian



principal and the Swedish agent or distributor is very important and should be developed early.

## Joint Ventures and Licensing

### Denmark

Licensing and joint venture arrangements are common in Denmark. Danish firms are fully familiar with both licensing foreign products for manufacture and sale in Denmark and licensing their own products for sale abroad. Licensing agreements do not have to be registered with Danish authorities. There are no Danish government restrictions on remittance of royalties or fees. Joint ventures may be established as corporations, general partnerships or in any other legal format. Danish law does not discriminate against joint ventures with foreign participation. The Government of Denmark, through the Ministry of Industry, actively encourages foreign companies to manufacture high-technology products in Denmark.

### Finland

Licensing agreements are quite common in Finland because of the good quality of Finnish manufacturing, the small size of the market and the relatively high cost of transporting goods to the country. Royalties and licensing fees may be freely transferred out of Finland.

Finland is involved in many joint venture projects around the world, particularly in developing countries in Asia and Africa. Finnish firms specialize in construction of factories. These projects often include infrastructure and housing facilities. The wide range of products and services required by these projects provides opportunities for participation of Canadian companies.

Many foreign companies have established themselves in the Finnish market with subsidiaries or joint ventures. Of particular interest to foreign businesses are Finnish-Russian joint ventures. A number of Finnish firms are interested in using their long-established contacts in the former Soviet Union and the Baltic countries to market U.S. goods. The Finns cite a number of selling points for using Finland as a gateway to Russia and the Baltic countries including physical proximity, and Finland's network of railroad and air connections

with Russia. Finns also stress that as a full member of the European Union, Finland has its feet firmly planted in the West but possesses unique access to and expertise with the Russian market.

### Norway

With Norway's EEA membership and the possibility of becoming a full EU member, Canadian companies may find some licensing and joint venture agreements and full Norwegian subsidiaries to be excellent vehicles for tapping up-scale markets in other Scandinavia countries.

### Sweden

In Sweden, a joint venture is an agreement between two or more parties to carry out a project together. It is not a legal entity, only a contract or agreement.

A legal vehicle must be formed to pursue the project. This legal vehicle may be either a limited liability company (AB), with the joint-venture participants as shareholders, or a partnership (HB), with the joint-venture participants as partners.

Agreements for production in Sweden of foreign-originated goods are common. Royalty and license fee payments may be freely transferred out of Sweden.

## Establishing an Office

### Denmark

Setting-up a branch office in Denmark requires a relatively simple registration procedure with the Danish Trade and Companies Agency. The filing requirement is for general information on the Canadian parent company and activities of its Danish branch. This includes place of business, accounting periods, memorandum and articles, and power of attorney granted to a branch manager. For tax purposes, branches of foreign companies are treated as incorporated companies. As in many other countries, numerous rules and regulations apply to establishing a Danish corporation. Danish business legislation does not discriminate against foreign subsidiaries or foreign owned companies. Foreign companies need only meet the requirements applicable to national companies. As in Canada, it is advisable to secure the services of a lawyer and an accountant when establishing a business.



### Finland

Finland removed most restrictions on foreign investment and ownership through a law that took effect in the beginning of 1993. The new law abolished various restrictions placed on companies with foreign ownership and eliminated distinctions between foreign and domestic shareholders.

If a foreign organization intends to establish an office in Finland, the following steps should be followed:

- drafting of the Memorandum of Association;
- drafting of the Articles of Association;
- subscription of the shares;
- constituent meeting of the shareholders;
- adoption of the Articles of Association;
- payment of the capital share (minimum \$2,950); and
- registration of the limited company.

### Norway

There are few restrictions in establishing a subsidiary or a branch operation in Norway. A subsidiary may be wholly-owned and a branch may conduct full business transactions. A company must have 50,000 NOK as a minimum capital, and at least 50 percent of the board of directors must be Norwegian nationals or have lived in Norway for the last 2 years. Both companies and branches are subject to income and capital tax.

Norway has a highly educated labour force and labour costs are among the highest in the world. In general, labour costs (including social benefits) as a percentage of total production are far greater in Norway than those of its foreign competitors.

### Sweden

The following legally recognized forms of business enterprise exist in Sweden:

- limited liability company (aktiebolag, abbreviated AB);
- branch of a foreign company (filial);
- general or limited partnership (handelsbolag, enkelt bolag, abbreviated HB);

- sole proprietorship (enskild firma); and
- economic association (ekonomisk forening).

Foreign investors in Sweden historically have favoured the limited liability corporate form. A subsidiary of a foreign company established in Sweden in accordance with Swedish law is considered a Swedish company in all respects. Generally no legislative distinction is made between companies whose shares are wholly or mainly owned by foreigners and those owned by Swedes.

It may sometimes be advantageous to initially conduct business through a branch office of the parent organization. Partnership or sole proprietorships are seldom used by foreign investors.

The founding of a company is governed by the Swedish Companies Act. Most often, however, an investor need not bother with these proceedings. It is much easier to acquire an already registered shell company and adapt its articles of association to the needs and intents of the investor.

### Selling Factors and Techniques

The factors deciding where Scandinavian importers place their orders are almost entirely commercial, although cultural and historical or social ties with a long-standing trade partner may, understandably, play a role. Selling techniques are comparable to Canadian practices. General competitive factors such as price, quality, promptness of delivery and availability of service are those which determine the success of a supplier.

### Denmark

General competitive factors such as price, quality, promptness of delivery and availability of service determine the success of a supplier in Denmark. Add to this, patience and commitment. Danes do not change suppliers easily and many commercial relationships have been built up and maintained over decades. Export companies seeking quick profits have very little chance of success.

### Finland

Selling factors and techniques in Finland are very similar to those in Canada. When selling to the Finnish market, it is recommended that a local agent or distributor who has a sales network

covering the whole of Finland be appointed. Only one local distributor is needed to cover the whole country since Finland is a small market, population-wise, but distances are great and therefore a distributor with a country-wide network is most desirable. Consumer goods and similar merchandise requiring maintenance of stock are often imported through wholesalers or trading houses. These products can also be sold directly to retail chains, department stores and other retail outlets.

Canadian suppliers should provide a local distributor with English language product literature and export prices. Strong promotion efforts are very important to introduce new products into a Finnish market.

Terms generally applied to international trade with industrial countries apply to Finland. When selling through a local distributor, financing is covered in mutual agreements. It is common to request a letter of credit at the beginning of a business relationship. When a business relationship has been established, 30-60 days credit terms are common.

### **Sweden**

Swedish firms do not change suppliers easily and many commercial relationships have been built up and maintained for decades.

## **Advertising and Trade Promotion**

### **Denmark**

Introducing a new product or company on the Danish market is often a costly affair. Danish agents expect Canadian companies to cover, in full or in part, initial advertising and promotion expenses. Several large North American and international advertising agencies maintain offices in Denmark. The code of conduct for advertising in Denmark is, in some areas, conservative and consumer-protection oriented. In other areas, it may be more liberal. For example, nudity per se is not considered obscene and is seen in some Danish advertising.

The rules and regulations for advertising and marketing are determined in the "Markedsføringsloven" (the Act on Marketing). The Consumer Ombudsman oversees compliance with the Act and

may take action on its own initiative or based on complaints by third parties. However, the Ombudsman will not consult for prior approval or rulings on planned campaigns. Examples of typical cases for the Ombudsman's action are those involving misleading statements, unfounded claims of a product's qualities, or sexual discrimination. Generally, the types of advertising media that exist in Canada, also exist in Denmark. Printed media advertising is widely used.

### **Finland**

Direct marketing is both a media and a way of selling. Direct marketing as a media includes direct mail and direct response advertising (press, radio, television). As a way of selling, it covers mail orders, direct selling and telemarketing.

Both direct sales and mail order sales are showing a steady growth in Finland. Mail order sales totalled \$540 million in 1994, a 15-percent increase from 1993. Direct sales were \$80 million, a 24-percent increase over the previous year. A total of \$378 million was spent on direct marketing in 1994, which accounted for 22 percent of all expenditure on advertising and sales promotion in Finland.

The Consumer Protection Law and Data Protection Law are the two most important laws controlling direct marketing and sales in Finland. The Finnish Direct Marketing Association (FDMA) has also adopted "the Rules for Fair Play", a code for ethics which all of its member companies observe in Finland. FDMA also maintains a so-called "Robinson's Register", consisting of people not wanting their contact information to be used for direct marketing.

About \$800 million was spent for mass media advertising, 0.93 percent of GDP or \$180 per person in 1994. Newspapers account for 56 percent of all media advertising, television 20 percent, periodicals 13 percent, radio 4 percent and others the remaining 7 percent. All media in Finland is open for advertising.

Further information regarding advertising in Finland is available from the Finnish Section of the International Chamber of Commerce (ICC), the Association of Finnish Advertisers and the Finnish Association of Advertising Agencies.



## Norway

All major types of advertising media are available in Norway.

With the exception of the state-controlled Norwegian Broadcasting Corporation's (NRK) television and radio stations, advertising on radio and television is now fully developed and a number of nation-wide and local commercial radio stations are competing in a growing market. City stations that broadcast during morning and evening commuter times are the best advertising vehicles.

Norway has an extremely high newspaper readership. Circulation figures are audited by the newspaper publishers' association. Extensive demographic information concerning readership is available. Distinctions are drawn between the 4 major metropolitan areas and other trade districts which number about 100.

## Sweden

All types of media are available in Sweden. Advertising plays a major role in Sweden's commercial life. Daily newspapers and other publications represent over half of all expenditures, by far the most important media for advertising. Direct mail is the second most important advertising medium, followed by radio and television commercials.

In order to place advertisements in newspapers, magazines, and trade journals, an agency must be authorized to do so by the Swedish Publishers Association. Acceptance requires that an agency have experience in advertising and that its books be open for audit by the Association.

## Pricing Products

### Denmark

Exporters usually quote c.i.f. Copenhagen prices to Danish importers. The c.i.f. price includes all Canadian domestic freight costs, ocean or air freight and insurance, but not Danish import duty and Value Added Tax (VAT). The rate of duty ranges from 5 to 14 percent on industrial products. Additionally, the importer must pay a 25-percent (VAT) calculated on the landed (c.i.f.) cost plus duty. VAT applies on a non-discriminatory basis to all products sold in Denmark, whether imported or

produced locally. The appropriate price for a product in the Danish market is best determined by thorough market research.

### Finland

Products in Finland are priced using the following method: c.i.f. price plus import duty, plus excise tax, plus value-added tax (22 percent), plus profit.

Imports from the EU and EFTA countries enter Finland duty free if the products have been manufactured in one of these countries. Finland is a full member of the EU and has a free-trade agreement with EFTA but not with non-European countries such as Canada, the United States, Australia, or Japan. Import duties for these countries depend on specific product lines.

### Sweden

Prices are set individually by companies. According to the new Swedish Competition Act (in line with EU rules), companies are not allowed to practise price fixing. All goods and services are subject to VAT, which ranges from 12 to 25 percent.

Products in Sweden are priced using the following method: CIF price + import duty + excise tax + profit + VAT.

## Sales Service and Customer Support

### Denmark

This requirement varies with the type of product. In general, Danish importers demand and get from European competitors, a high degree of sales and after-sales service and customer support. The extent of the service and support requirement is directly proportional to the technical complexity of the product. Sound commercial judgement dictates after-sales service at least equal to that supplied by European competitors. Immediate response to customers' questions and requests is mandatory as is the use of modern communication methods. This means fax or electronic mail for routine communications and a readiness to employ overnight courier service when necessary.

### Finland

Major suppliers normally establish sales offices in Finland that are supported by dealers. There are



also importers or distributors who use a network of dealers to support their marketing efforts. As a rule, one exclusive agent or distributor is appointed to cover the entire country. Finnish importers often represent several different product lines. Importers may serve large customers themselves while dealers work with smaller customers and those located outside the Helsinki metropolitan area. Dealers are often specialized in supplying a specific industry area. Training, usually arranged and carried out by dealers, is an important aspect. Service points should cover the whole country and be located not only in the southern part of Finland but also in the central and northern parts of the country.

## Sweden

Practices in Sweden are comparable to those in Canada.

## Selling to the Government

### Denmark

Government procurement practices in Denmark are generally transparent. Denmark is a signatory to the GATT Government Procurement Code, and Canadian firms are eligible to bid on an equal basis with Danish and other bidders for contracts valued at \$200,000 or over.

Announcements of public tenders are published in the "Supplement to the Official Journal of the European Communities." The text of the invitation to bid is in English, but the tender documents are normally in Danish. For major projects, documents may be available both in Danish and English.

### Finland

Public purchasing in Finland is mainly done by various boards, agencies, centres and offices executing their special tasks under the central government and in the fields of health care and general and vocational education, by bodies under the municipal, local or regional government. Local government purchasing is mainly done by municipalities.

## Sweden

Procedures for procurement of goods, services and construction at the national level are established by legislative enactment. Government-owned companies are not subject to the government purchasing proclamation but are completely free to establish their own procurement and purchasing policies, generally based on purely commercial considerations.

A procuring entity is free to choose a tender procedure considered most economically advantageous to the entity. Suppliers may be invited through public announcement or letters of invitation. When public announcement is not used, a sufficient number of suppliers are invited to bid so as to ensure effective competition. Procuring entities are required to give bidders sufficient time to prepare and submit bids. The time allowed depends on individual circumstances.

## Protecting Intellectual Property

### Denmark

Denmark offers adequate protection for intellectual property rights.

### Finland

The Finnish patent and trademark laws are in accordance with the TRIP agreement (Agreement of Trade Related Aspects of Intellectual Property Rights). It provides the highest possible protection on intellectual property infringement. Trade secrets are protected by the Law of Inappropriate Business Behaviour, which enjoins various forms of corporate espionage. In 1991, Finland passed a law granting specific rights to designers of integrated circuit layouts.

Patents are granted for a 20-year, non-renewable period. Foreign nationals have a 1-year period to file a patent application in Finland to receive the benefit of an earlier filing date elsewhere.

Trademark registration is valid for 10 years and is renewable for similar periods. The use of a trademark is not a prerequisite for its registration in Finland. However, a registration may be forfeited after 5 years of non-use without a valid reason. Foreign nationals have 6 months to file an

application in Finland after filing elsewhere to receive the benefit of an earlier filing date.

### Sweden

The Swedish legal system provides adequate protection to all property rights, including intellectual property. As a signatory to the EEA agreement, Sweden has undertaken to obtain adherence with a series of multilateral conventions on industrial, intellectual and commercial property.

Sweden is a member of the “Paris Union” International Convention for the Protection of Intellectual Property (patents, trademarks, commercial names and industrial design) to which 80 other countries adhere. Canadian business executives and inventors are thus entitled to receive national treatment in Sweden (treatment equal to that accorded to Swedish citizens) under laws regarding the protection of patents and trademarks.

### Need for Local Legal Assistance

#### Denmark

The need for a Danish lawyer typically arises in connection with establishing a corporation in Denmark or in connection with trade disputes. Also, it is advisable to seek local legal assistance in matters involving complicated government concessions such as applications for oil or gas prospecting.

#### Finland

As a result of Finland’s membership in the EU, many EU directives and regulations have been incorporated into Finnish legislation. It is advisable that Canadian companies planning to operate in Finland or entering into contracts with Finnish companies contact an experienced Finnish lawyer for legal advice.

In selecting a Finnish lawyer, emphasis should be given to the special knowledge of a lawyer in a particular field of law. Language skills and experience in working with North American entities should also be taken into consideration.

### Sweden

Detailed advice in legal, accountancy, fiscal and other matters should be sought from professional advisors in Sweden.

### Regulatory Issues

As a result of the EU Single Market, many mandatory EU industrial standards have been harmonized. However, as harmonization takes place, new trade barriers have surfaced in individual EU member countries. Denmark has taken the lead in combatting this problem.

Through the EEA agreement, Scandinavian countries are adapting EU’s new CE label on some products sold in the EU market. The CE label will also be an assurance that a product conforms with EU standards and directives, and thus provides for a free float between borders, serving as a “product passport.” This will eventually eliminate the need for each EU or EEA country to certify a product by its own national testing labs. There will generally be only one “EU” certification necessary for most products, but individual countries may apply some additional specifications to a few products and services.

#### Denmark

Denmark has the best record of all EU countries regarding implementation of Single Market directives. Canadian products that are marketable in Denmark are also marketable in other EU countries. Denmark applies no unilateral trade barriers against Canada.

Denmark is a full EU member and EU tariffs are applicable on all products entering from non-EU countries, including Canada. Duties run from 5 to 14 percent on industrial goods. Once goods have cleared customs in one EU country, they may circulate freely within the Union.

Non-tariff barriers are most likely to be encountered in environmentally sensitive areas. The Danish government’s procurement procedures give environment and energy conservation considerations relevance, along with price, quality and delivery terms in evaluating and awarding bids.

It is an open question how the Danish provision dovetails with EU legislation that neither includes



nor forbids application of environmental standards to government procurement. There is a possibility that preference will be given to companies meeting voluntary eco-label or eco-audit standards which could be disadvantageous for Canadian suppliers.

Because Denmark is an EU member, customs procedures, including the classification and valuation of imported goods entering Denmark, are governed by EU rules. The Danish/EU tariff schedule utilizes the Harmonized System (HS) code.

With very few exceptions, such as alcoholic beverages, weapons and arms, certain drugs, chemicals and food products, Denmark requires no import licenses. There are no special import restrictions or license requirements which constitute problems for Canadian industrial product exporters.

Denmark is a member of NATO and therefore participates in the successor regime to COCOM regulating on export and re-export of strategic commodities.

## Finland

Upon entry, Finland fully adopted the EU internal market praxis. This determines Finland's trade relations both inside the EU area and to third countries.

Finland's import trade did not change much in consequence of EU membership. The major alterations concern border protection procedure towards non-EU countries. The restrictions are in the form of quotas, licensing and some other control measures. The quotas are EU-wide. Access to quotas may depend on whether the importer is an old traditional entity or a newcomer.

Finland now adheres to the EU anti-dumping legislation, which is the principal and most comprehensive import protection mechanism used by the EU. Finland has also adopted the Generalized System of Preferences (GSP) of the EU.

Furthermore, Finland applies EU import taxes. Some taxes with effect on imported products, such as excise tax, value-added tax (VAT) and car and motorcycle tax are applied on a national basis. The general VAT level in Finland is 22 percent with certain exceptions.

At importation, duties and other import taxes are levied on the customs value of goods. The customs value is primarily determined as the transaction value of goods imported, based on the total price actually paid or payable for goods.

In practice, the individual item most frequently added to the sales price consists of delivery expenses, such as freight and insurance costs. In other words, the c.i.f. value is commonly used as the customs value. To assess customs value, the place of importation must be indicated. In the case of transportation by ship and aircraft, the place of importation is the unloading location and, in surface transportation, the Customs Office at the border.

## Norway

In Norway, there are stringent import regulations on some products. Consequently it is very useful to have at least a Norwegian agent if not a greater presence there to navigate the changing and confusing shoals of new EEA regulations.

However, Norway is heavily dependent on foreign trade. Its trade policy is generally aimed at expanding its trade and shipping services. As an EFTA/EEA member, Norway currently enjoys an industrial free-trade agreement with all EU member countries. Norway is using the HS for commodity classification and, generally, import duties are relatively low on products imported from third-country suppliers.

Quality assurance is paramount for all equipment destined for the Norwegian offshore market and is generally preferred in the inland market. Norway has, to a large degree, adopted the ISO 9000 standards for quality assurance (QA) and quality control (QC).

## Sweden

After Sweden's entry into the EU on January 1, 1995, Swedish customs law and regulations were replaced by EU law with coherent regulation which means that Sweden applies external EU tariffs to imports from Canada and other non-EU countries. The EU tariff schedule utilizes the HS code. Most industrial products are charged between 5 to 14 percent duty. Goods imported into Sweden are also subject to a value-added-tax (VAT). The general VAT rate is 25 percent with a lower VAT rate of 12 percent for food and certain



services effective from 1996. Customs procedures, including classification and valuation of imported goods, are governed by EU rules.

### EDC Financial Risk Assessment

*The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services and guarantees.*

*The following information about Scandinavian countries was obtained from the EDC Country Risks and Opportunities book (fall, 1996).*

#### Denmark

No information is available.

#### Finland

The Finnish economy slowed down in early 1996, after healthy growth in 1995. The slowdown is attributed mainly to slower exports as a result of sluggish performance in the economies of major trading partners. Although domestic demand took up part of the slack, it was not enough to compensate for a very weak external sector. Slower economic growth is expected in 1997, with the extent of the slowdown being determined mostly by economic growth in Germany, Sweden and the rest of Europe.

Consumers were one of the drivers of the Finnish economy throughout 1995 and in the first half of 1996. This is mainly a result of a 7.5 percent increase in household income in 1995, which was channelled through wage increases, and through the effect of lower prices after Finland joined the EU. However, consumer sentiment was expected to change towards the end of 1996 and into 1997. Consumer spending is expected to slacken as fiscal austerity begins to take its toll and as the effects of the strong increase in incomes from 1995 work their way through the economy. In 1997, wages will be more constrained as a result of the wage pact agreed in September 1995. Furthermore, unemployment will remain high and the possibility of tax cuts is becoming more and more remote as Finland strives to put its fiscal house in order. Consequently, household incomes will grow only marginally and, given the general

climate of uncertainty with respect to the labour market, any reduction in personal savings ratio, and thereby a strong increase in consumption, will be unlikely.

Imports are hampered by slower economic growth. Although the domestic economy compensates for a weaker export sector, private consumption is not enough to boost imports substantially. However, if exports do revive, there will be a renewed demand for base and semi-manufactured goods, as well as for machinery and equipment.

Bankruptcies declined by almost 8 percent last year. The good performance of the Finnish corporate sector was due to strong economic growth and high commodity prices. A slight increase in the number of business failures was expected in 1996 due to the meltdown in forest product prices early in the year and slower economic growth.

The overall collection experience in Finland is good. Open account trading terms are the norm. There are no credit or financial issues.

#### Norway

Oil continues to grease the wheels of the Norwegian economy which continued its impressive performance throughout the first half of 1996. The economy grew at an annualized 5.4 percent rate in the first quarter and is expected to grow by slightly less in the second quarter. The main drivers of growth were private consumption and exports. For the remainder of 1996 and into 1997, the Norwegian economy is expected to remain strong, although growth is expected to decelerate slightly from current unsustainable high levels. The primary sources of strength will continue to be consumer spending and a buoyant oil sector.

Consumers will continue to spend their generous pay increases and dip into their savings. Unemployment, at 4.7 percent as of the summer of 1996, is well below the 5.1 percent recorded in 1995, which helped to encourage consumer spending. For 1997, continued consumer spending is expected, as households spend generous increases in disposable income.

Bankruptcies increased slightly in the first quarter of 1996. The total number of business failures was up by 3 percent compared to the first quarter of

1995, mainly as a result of weaker performance in the building and construction sector and wholesale and retail trade. The number of bankruptcies in all other industry sectors remained steady over the first quarter of 1996, compared to the same period a year ago.

Competitiveness of Norwegian companies will likely worsen as the krona gets stronger and labour costs increase. Potential strong growth in unit labour costs and a progressively stronger currency will take away the advantages of traditional industries. In this scenario, the central bank would likely lower key interest rates to protect the traditional mainland economy from the effects of the high krona.

The overall collection experience in Norway is good. Open account trading terms are the norm. There are no credit or financial issues.

## Sweden

Growth of just 0.8 percent in 1996 highlights the fragility of the Swedish economy. The outlook for 1997 is for improved growth of 1.7 percent. By this time, the German and French economies, key trading partners of Sweden, are expected to recover from recessions they suffered in early 1996. However, growing speculation that Sweden has decided not to join the European Monetary Union (EMU) until 1999 could hinder growth prospects in the near term.

Consumer confidence remains very weak and hinders domestic spending activity. A recent

survey of households shows that only 19 percent expect an improved economy within the next year, while 36 percent expect a deterioration. Higher taxation has eroded recent nominal gains while an increasingly lethargic job market has stalled any progress being made on the country's unemployment problems. Unemployment of 7.1 percent in May 1996 rose back to 9 percent by September.

Residential investment activity, after falling by close to 23 percent in 1995 has posted a slight increase of 2.5 percent this year. A reduction in taxes on the purchase of a home is expected to help housing markets regain some ground lost over the last five years.

Company bankruptcies are expected to decline by 5 percent in 1996, down from a 20 percent drop in 1995. A total of 11,625 companies went bankrupt in 1995 and a similar level is expected in 1996. This would place business bankruptcies for the year in the 10,000 to 11,000 range. The construction industry accounted for 11 percent of failures, not surprising given the very weak residential investment activity being reported. The domestic sector will remain a more troubled area, highlighting a weak employment and income picture.

The overall experience in Sweden is good. Open account are the usual trading terms. There are no credit or financial issues.

# CONTACTS

---

## Canada Mortgage and Housing Corporation

Housing Export Centre

700 Montreal Road  
Ottawa, Ontario K1A 0P7

Tel.: 1-800-465-6212 or  
(613) 748-2000  
Fax: (613) 748-2302

## Canadian Government Departments and Services

Department of Foreign Affairs and  
International Trade (DFAIT)

InfoCentre  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, ON K1A 0G2

Tel.: 1-800-267-8376 or  
(613) 944-4000  
Fax: (613) 996-9709  
FaxLink: (613) 944-4500  
InfoCentre Bulletin Board:  
Tel.: 1-800-628-1581 or  
(613) 944-1581

Tel.: (613) 995-4730  
Fax: (613) 995-6319

Canadian Embassy in Denmark

Kristen Bernikowsgade 1  
DK=1105 Copenhagen K  
Kingdom of Denmark

Tel.: (011-45-33) 12-22-99  
Fax: (011-45-33) 12-42-10

Canadian Embassy in Finland

Pohjoisesplanadi 25 B  
00100 Helsinki, Finland

Tel: (011-358-9) 171-141  
Fax: (011-358-9) 601-060

Canadian Embassy in Norway

Oscars Gate 20  
0244 Oslo, Kingdom of Norway

Tel: (011-47) 22-46-69-55  
Fax: (011-47) 22-69-34-67

Canadian Embassy in Sweden

Tegelbacken 4, 7th Floor  
Stockholm, Kingdom of Sweden

Tel: (011-46-8) 453-3000  
Fax: (011-46-8) 24 24 91

## International Trade Centres

Newfoundland

International Trade Centre  
P.O. Box 8950  
Atlantic Place  
215 Water Street  
Suite 504  
St. John's, NF A1B 3R9

Tel.: (709) 772-5511  
Fax: (709) 772-5093

Prince Edward Island

International Trade Centre  
P.O. Box 1115  
Confederation Court Mall  
134 Kent Street  
Suite 400  
Charlottetown, PE C1A 7M8

Tel.: (902) 566-7443  
Fax: (902) 566-7450

Nova Scotia

International Trade Centre  
P.O. Box 940, Station M  
1801 Hollis Street  
Halifax, NS B3J 2V9

Tel.: (902) 426-7540  
Fax: (902) 426-5218

New Brunswick

International Trade Centre  
1045 Main Street  
Unit 103  
Moncton, NB E1C 1H1

Tel.: (506) 851-6452  
Fax: (506) 851-6429

Quebec

International Trade Centre  
5 Place Ville-Marie  
Seventh Floor  
Montreal, PQ H3B 2G2

Tel.: (514) 283-6328  
Fax: (514) 283-8794

Ontario

International Trade Centre  
Dominion Public Building  
1 Front St. West  
Fourth Floor  
Toronto, ON M5J 1A4

Tel.: (416) 973-5053  
Fax: (416) 973-8161



## International Trade Centres (cont'd)

Manitoba	International Trade Centre P.O. Box 981 330 Portage Avenue 8th Floor Winnipeg, MB R3G 2V2	Tel.: (204) 983-5851 Fax: (204) 983-3182
Saskatchewan	International Trade Centre The S.J. Cohen Building 119-4 <sup>th</sup> Avenue South Suite 401 Saskatoon, SK S7K 5X2	Tel.: (306) 975-5315 Fax: (306) 975-5334
Alberta <i>* Edmonton office is also responsible for Northwest Territories</i>	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3  510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 495-2944 Fax: (403) 495-4507  Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia <i>*Vancouver office is also responsible for the Yukon</i>	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

## Export Development Corporation (EDC)

Ottawa	151 O'Connor Street Ottawa, ON K1A 1K3	Tel.: (613) 598-2500 Fax: (613) 237-2690
Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
Winnipeg <i>*office also serves Saskatchewan</i>	330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4	Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

## Scandinavian Government Offices in Canada

Denmark		
Embassy of Denmark	85 Range Road Suite 702 Ottawa, ON K1N 8J6	Tel.: (613) 234-0704 Fax: (613) 234-7368

## Scandinavian Government Offices in Canada (cont'd)

Consul General of Denmark	151 Bloor St. West Suite 310 Toronto, ON M5S 1S4	Tel.: (416) 962-5661/2 Fax: (416) 962-3668
<b>Finland</b>		
Embassy of Finland	55 Metcalfe Street Suite 850 Ottawa, ON K1P 6L5	Tel: (613) 236-2389 Fax: (613) 238-1474
Consul and Trade Commissioner of Finland	1200 Bay Street Suite 604 Toronto, ON M5R 2A5	Tel: (416) 964-7400 Fax: (416) 964-1524
<b>Norway</b>		
Royal Norwegian Embassy	90 Sparks Street Suite 532 Ottawa, ON K1P 1R9	Tel: (613) 236-4291 Fax: (613) 236-9808
<b>Sweden</b>		
Embassy of Sweden	377 Dalhousie Street Ottawa, ON K1N 9N8	Tel: (613) 236-8553 Fax: (613) 236-5720
Consul General of Sweden	1155 boul. Rene Levesque Suite 800 Montreal, PQ H3B 2H7	Tel: (514) 866-4019 Fax: (514) 393-3432
Consul General of Sweden	1 Queen St. East Suite 2010 Toronto, ON M5C 2W5	

## Multilateral Organizations

World Bank	Washington, DC 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391
Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, DC 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

## Business and Professional Organizations in Canada

Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel.: (613) 238-8888 Fax: (613) 563-9218
Canada-Finland Chamber of Commerce	20 York Mills Road Suite 402 North York, ON M2P 2C2	Tel: (416) 222-0740

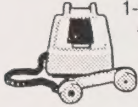
## Canadian Banks with European Regional Offices

Bank of Montreal	D-6000 Frankfurt am, Main 17 Ulmenstrasse 37-39 Frankfurt, Germany . 710104	
Canadian Imperial Bank of Commerce European Operations Office	Cottons Centre Cottons Lane London, SE1 2QL, England	Tel.: (011-441-71) 234-6000
National Bank of Canada Europe Regional Office	Princes House 95 Gresham Street London, England EC2V 7LU	
Royal Bank of Canada AG	PO Box 71 07 14 Lyonner Strasse 15 60497 Frankfurt am Main, Germany	
The Toronto-Dominion Bank	Triton Court 14/18 Finsbury Square London, England EC2A 1DB	
Hongkong Bank of Canada	10 Lower Thames Street PO Box 506 London, England EC3R 6AE	

## HOUSING EXPORT OPPORTUNITIES SERIES ORDER FORM



**CMHC**  
P.O. Box 35005  
Stn BRM B  
Toronto, ON  
M7Y 6E5



1-800-668-2642  
Outside Canada call  
1-613-748-2003



FAX TO  
1-800-245-9274  
Outside Canada  
1-613-748-2016

Charge to VISA, American Express or MasterCard.

To avoid double billing,  
please do not send  
confirmation.

VISA, American Express,  
and MasterCard.

To avoid double billing,  
please do not send  
confirmation. A fax will  
be treated as an original order.

#### METHOD OF PAYMENT

Please Print

Name		
Company or Organization	Position Title	
Address		
City	Province/State/Country	Postal/Zip Code
Telephone Number (       )	Fax Number (       )	

Please charge my

☐ VISA ☐ American Express ☐ MasterCard ☐

Card Number

[illegible]

Expiry Date

[illegible]

Signature \_\_\_\_\_

Payment enclosed \$ \_\_\_\_\_

Please make cheque or money order payable to CMHC

To Complete See Example on Reverse Side

[illegible]

## TAX TABLE

7% GST applicable to all items. PST/HST/GST applicable to shipping.  
for PEI and Québec, PST is calculated on shipping plus GST.

U.S. and International orders, please pay subtotal C in U.S. funds.

Province	GST	PST	HST
Alberta	7% of C	—	—
B.C., Manitoba, & Sask.	7% of C	7% of B	—
Ontario	7% of C	8% of B	—
N.B., N.S., NF	7% of A	—	15% of B
Québec	7% of C	6.5% of B + GST	—
P.E.I.	7% of C	10% of B + GST	—

GST Registration # 100756428

Subtotal Column 3

A

Subtotal  
Column 5

ADD Shipping & Handling  
Regular Mail ☐ Courier ☐

B

Subtotal  
(Add A + B)

C

Appropriate Taxes  
(refer to table at left)

D

Total  
(Add C + D)

E

Refer to Shipping  
and Handling Charges  
on the back of this  
form for the shipping  
and handling amount.

SEE  
EXAMPLE  
ON REVERSE



## Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

### CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

### Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE <small>Please be sure the order number and report title match the listing</small>	1 QTY	2 ITEM AMOUNT \$	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8033	South Korea	2	35.-	70.-	3	6
					3	
					3	

TAX TABLE				Subtotal Column 3		Subtotal Column 5
7% GST applicable to all items. PST/HST/GST applicable to shipping. for PEI and Québec, PST is calculated on shipping plus GST.				A 105.-		<div style="font-size: 2em; margin-bottom: 10px;">9</div> <p style="font-size: small;">Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.</p>
U.S. and International orders, please pay subtotal C in U.S. funds.				B 6.18		
				C 111.18		
				D 7.78		
				E 118.96		

Province	GST	PST	HST
Alberta	7% of C	-	-
B.C., Manitoba, & Sask.	7% of C	7% of B	-
Ontario	7% of C	8% of B	-
N.B., N.S., NF	7% of A	-	15% of B
Québec	7% of C	6.5% of B + GST	-
P.E.I.	7% of C	10% of B + GST	-

GST Registration # 100756428





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